

## **Appendix C: Utility Survey Results**

To better understand California utilities' energy efficiency administrative expenses, data were collected and summarized on electric and gas demand-side management (DSM) program administrative expenses delivered by 17 organizations in 6 states (see **Exhibit C-1**). These organizations have a combined annual DSM budget of over 382 million dollars. Two of the organizations (New York State Energy Research & Development Authority (NYSERDA) and Efficiency Maine) are operated by the states and provide energy efficiency services statewide. Cape Light Compact is a municipal electricity aggregator organization that provides energy efficiency services to 21 towns in Massachusetts. All of the programs are mature except for the programs in the startup phase operated by Cape Light Compact and Efficiency Maine. Cape Light Compact has only been operating programs for a couple years and Efficiency Maine for a little over a year.

Although results of blueCONSULTING survey are provided here, caution must be exercised in drawing conclusions from any benchmarking activity. As discussed previously, administrative cost definitions can vary, and the exact nature of the reported costs cannot be known. Additionally, many of the utilities surveyed operate under different administrative structures than the California utilities, with different program sizes and structures.

**Exhibit C-1: Location, Type, and Annual DSM Budget of Organizations Researched**

Organization	State	Admin Structure	Type of Organization	DSM Budget (\$000)
Connecticut Light & Power	CT	Similar to CA in 1998 – 2000 time frame with independent advisory board.	Electric Utility	\$39,021
United Illuminating	CT	Similar to CA in 1998 – 2000 time frame with independent advisory board. Internal utility staff.	Electric Utility	10,895
Efficiency Maine	ME	Public service commission staff.	State Energy Efficiency	1,300
Cape Light Compact	MA	Town staff with a 21-town governing board.	Municipal Collaborative	6,454
Massachusetts Electric Company	MA	Internal utility staff.	Electric Utility	54,877
Western Massachusetts Electric	MA	Internal utility staff.	Electric Utility	10,176
Granite State Electric Company	NH	Internal utility staff.	Electric Utility	1,204
Conectiv Power Delivery	NJ	Internal utility staff – managed jointly with other utilities.	Electric Utility	9,323
Jersey Central Power & Light	NJ	Internal utility staff – managed jointly with other utilities.	Electric Utility	29,279
New Jersey Natural Gas Company	NJ	Internal utility staff – managed jointly with other utilities.	Gas Utility	3,807
NUI Elizabethtown	NJ	Internal utility staff – managed jointly with other utilities.	Gas Utility	3,077
Public Service Electric & Gas - Electric	NJ	Internal utility staff –	Electric & Gas Utility	39,607

**Exhibit C-1: Location, Type, and Annual DSM Budget of Organizations Researched**

Organization	State	Admin Structure	Type of Organization	DSM Budget (\$000)
		managed jointly with other utilities.		
Public Service Electric & Gas - Gas	NJ	Internal utility staff – managed jointly with other utilities.	Electric & Gas Utility	13,434
Rockland Electric Company	NJ	Internal utility staff – managed jointly with other utilities.	Electric	609
South Jersey Gas Company	NJ	Internal utility staff – managed jointly with other utilities.	Gas Utility	2,966
NY State Energy R&D Authority	NY	Public Benefit Corp with admin expenses capped at 5%.	State Public Benefit Corporation	139,963
Narragansett Electric Company	RI	Internal utility staff.	Electric	16,708
<b>Total</b>				<b>\$382,699</b>

Source: blueCONSULTING 2003 survey.

**Exhibit C-2** presents administrative expenses by customer sector. In many cases, administrative expenses for DSM programs were allocated and available by customer sector. In other cases, administrative expenses were only available for all customer segments combined (i.e. United Illuminating). Many organizations have multiple DSM programs targeted to their customer sectors. For example, Massachusetts Electric Company has 12 commercial/industrial programs, 7 non-low income residential programs, and 2 low income residential programs. Across all customers and organizations, the average of administrative expenses varied within a narrow range of a low of 5 percent (residential low income programs) to a high of 8 percent (all customer segments). Jersey Central Power and light has the lowest over all administrative expense of 3 percent and United Illuminating the highest at 18 percent. By contrast, administrative costs for the California utilities averaged 67 percent under the Annual Reporting definition, and ranged from 13 to 88 percent for individual programs using the Quarterly Reporting definition.<sup>1</sup>

<sup>1</sup> First year program costs only.

**Exhibit C-2: Average Administrative Expenses (Percent) by Customer Sector Served**

Organization	Residential Non-Low Income Programs	Residential Low Income Programs	All Residential Programs	Commercial and Industrial Programs	Programs Across All Sectors
Cape Light Compact	13.1%	10.7%	12.5%	12.2%	12.4%
Massachusetts Electric Company	3.8%	3.4%	3.4%	4.4%	3.8%
Granite State Electric Company	19.3%	10.0%	16.9%	7.7%	11.5%
Conectiv Power Delivery	4.1%	4.2%	4.1%	4.9%	4.4%
Jersey Central Power & Light	3.6%	2.9%	3.4%	3.1%	3.3%
New Jersey Natural Gas Company	5.1%	4.0%	4.7%	6.0%	4.9%
NUI Elizabethtown	4.5%	4.0%	4.3%	3.2%	4.0%
Public Service Electric & Gas - Electric	5.0%	5.2%	5.1%	1.8%	3.9%
Public Service Electric & Gas - Gas	6.4%	4.9%	6.0%	3.1%	5.6%
Rockland Electric Company	5.7%	6.5%	5.8%	3.9%	4.9%
South Jersey Gas Company	9.4%	6.7%	8.5%	7.0%	8.2%
Narragansett Electric Company	3.3%	2.1%	3.1%	8.9%	6.7%
Western Massachusetts Electric	-	-	12.5%	13.3%	13.0%
NY State Energy R&D Authority	-	-	-	-	6.7%
Connecticut Light & Power	-	-	-	-	11.2%
United Illuminating	-	-	-	-	18.2%
Efficiency Maine <sup>2</sup>	-	-	-	-	10.0%
<b>Simple Average</b>	<b>6.9%</b>	<b>5.4%</b>	<b>6.9%</b>	<b>6.1%</b>	<b>7.8%</b>
<b>Range of Values</b>	<b>3.3%-19.3%</b>	<b>2.1%-10.7%</b>	<b>3.1%-16.9%</b>	<b>1.8%-13.3%</b>	<b>3.3%-18.2%</b>
<b>Median Value</b>	<b>5.1%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>6.7%</b>
<b>California IOUs – Annual Reports</b>	<b>33% to 100%</b>			<b>44% - 91%</b>	<b>49% to 82%</b>

Source: blueCONSULTING 2003 survey.

**Exhibit C-3** presents the range of administrative expenses across programs and customer segments for each organization where data are available by program. Granite State Electric Company has the lowest administrative expense (1 percent) for its Small Business Energy Solutions program and New Jersey Natural Gas Company has the highest (50 percent) for its Residential Retrofit program. Since there is a wide variation in administrative expenses across programs, care should be taken in drawing conclusions from these data. For example, Granite State Electric Company's Small Business Energy Solutions program has a budget of only \$4,000 while its total DSM budget is over \$3.8 million.

<sup>2</sup> The state law allows Efficiency Maine to use 10% for administration. Because they are in a start-up mode, they don't have the accounting systems yet to provide a detailed break down.

**Exhibit C-3: Range of Administrative Expenses (Percent) of DSM Programs by Customer Sector**

Organization	Residential Non-Low Income Programs	Residential Low Income Programs	All Residential Programs	Commercial Industrial Programs	Programs Across All Sectors
Cape Light Compact	12.9%-14.4%	11.8%-14.2%	11.8%-14.4%	11.0%-21.5%	11.0%-21.5%
Massachusetts Electric Company	3.5%-6.6%	3.3%-3.7%	3.3%-6.6%	2.7%-4.7%	2.7%-6.6%
Granite State Electric Company	12.7%-24.1%	10.0%	10%-24.1%	1.2%-10.6%	1.2%-24.1%
Narragansett Electric Company	1.4%-6.2%	2.1%	1.4%-6.2%	1.3%-13.3%	1.3%-13.3%
Conectiv Power Delivery	3.3%-22.2%	4.2%	3.3%-22.2%	4.9%	3.3%-22.2%
Jersey Central Power & Light	2.1%-12.5%	2.9%	2.1%-12.5%	3.1%	2.1%-12.5%
New Jersey Natural Gas Company	2.5%-50.0%	4.0%	2.5%-50.0%	6.0%	2.5%-50.0%
NUI Elizabethtown	3.2%-14.3%	4.0%	3.2%-14.3%	3.2%	3.2%-14.3%
Public Service Electric & Gas - Electric	3.6%-6.9%	5.2%	3.6%-6.9%	1.8%	1.8%-6.9%
Public Service Electric & Gas - Gas	2.0%-12.5%	4.9%	2.0%-12.5%	3.1%	2.0%-12.5%
Rockland Electric Company	5.2%-6.3%	6.5%	5.2%-6.3%	3.9%	3.9%-6.3%
South Jersey Gas Company	4.7%-20.0%	6.7%	4.7%-20.0%	7.0%	4.7%-20.0%
<b>All Organizations</b>	<b>1.4%-50.0%</b>	<b>2.1%-14.2%</b>	<b>1.4%-50.0%</b>	<b>1.2%-21.5%</b>	<b>1.2%-50.0%</b>

Source: blueCONSULTING 2003 survey.

### Comparison of Administrative Expenses

California utilities appear to have a larger percentage of their DSM dollars used for administrative expenses than utilities on the East coast. Since some types of programs tend to have a higher percentage of administrative expenses than others, one hypothesis to explain this difference is that the mix of various DSM programs in California is different than the mix on the East coast. Analysis indicates that California's high percentage of administrative expenses is the result of having more non-typical programs than utilities on the East coast. The major difference between the approaches of the East Coast utilities and the California utilities appears to be the amount of money spent on market transformation approaches such as mass media informational programs and technology application centers. While East Coast utilities spend some dollars on fewer market transformation programs, they focus the majority of their programs and budgets on resource acquisition approaches and programs.